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Message Text

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61
ORIGIN SS-30

INFO OCT-01 ISO-00 /031 R

DRAFTED BY EB/ORF/FSE:ARDORNHEIM:CJR
APPROVED BY T - MR. DONALDSON
EB/ORF - MR. KATZ
S/S" - WHLUERS
EA - MR. INGERSOLL
EA/IMS - MR. HEAVNER
---------- 063827
R 230145Z MAR 74
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA
INFO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 058798

STADIS//////////////////
EXDIS

E.O. 11652: GDS--DECLAS. DEC. 31, 1981
TAGS: ENRG, ID
SUBJECT: INDONESIAN LNG
REF: (A) JAKARTA 3506, (B) STATE 43554, (C) STATE 41011

1. HARVEY PROCTOR, GROUP VICE PRESIDENT, PACIFIC LIGHTING CORP. (PL), CALLED ON UNDER SECRETARY DONALDSON AND ASSISTANT SECRETARY INGERSOLL MARCH 19 TO SEEK USG HELP IN PL'S CURRENT PRICE NEGOTIATIONS WITH PERTAMINA. PROCTOR SUGGESTED USG ADOPT VIEW THAT IMPORTATION OF LNG FROM PACIFIC- COUNTRIES IS DESIRABLE ALTERNATIVE TO TOTAL RELIANCE ON CRUDE OIL SUPPLIES FROM TRADITIONAL SOURCES. HE ALSO ASKED THAT USG INDICATE TO GOI OUR INTEREST IN OUTCOME OF PL-PERTAMINA PRICE NEGOTIATIONS WHILE EXPRESSING CONCERN TO GOJ OVER HIGH PRICE AGREED TO BY NISSHO IWAI CONSORTIUM.

2. UNDER SECRETARY DONALDSON EMPHASIZED DEPT.'S CONTINUING INTEREST IN PL NEGOTIATIONS, WHICH HOPEFULLY WILL BE CONFIDENTIAL

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CONCLUDED SUCCESSFULLY. HOWEVER, HE DOUBTED USG COULD

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DO MUCH FOR PL IN PRESENT STAGE OF WHAT IS A COMMERCIAL NEGOTIATION. HE ADVISED PL TO MAKE ITS OWN CONTACTS WITH APPROPRIATE JAPANESE BUSINESSMEN AND GOVERNMENT OFFICIALS. PROCTOR SAID THIS WAS ALREADY BEING DONE. ASSISTANT SECRETARY INGERSOLL SUGGESTED THAT PL APPROACH MITI DIRECTLY, BECAUSE IT WOULD PROBABLY HAVE TO APPROVE NISSHO IWAI CONTRACT BEFORE IT BECAME FINAL. PROCTOR

INDICATED HIS INTENTION TO FOLLOW THIS ADVICE.

3. PROCTOR ENVISIONED A DEGREE OF "BRINKMANSHIP" WITH PERTAMINA OVER NEXT SEVERAL WEEKS, CONCLUDING THAT IF AGREEMENT CANNOT BE REACHED ON PRICE, PL IS PREPARED TO "WALK AWAY" FROM DEAL. IF DEAL FALLS APART, PL WILL TRY TO ASSURE THAT PERTAMINA GETS BLAME FOR BREAKDOWN OF NEGOTIATIONS.

4. MEMCON BEING POUCHED. KISSINGER

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